

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 98-0650P

**Individual Income Tax
Calendar Years 1995, 1996 and 1997**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. Tax Administration— Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer's CPA, in a letter dated August 20, 1998 protested the penalty assessed and states that the taxpayer properly filed all state returns and cooperated with the auditor.

Taxpayer is a partner in a Partnership and relied on his accountant in Georgia to prepare the IT-40 and IT-40PNR returns. The accountant failed to add back all taxes for the years at issue, which consisted of addback from the partnership and property taxes from Schedule E, rental property from Federal Form 1040. County taxes were also not reported nor paid and was billed directly by the Department.

I. Tax Administration— Penalty

DISCUSSION

Taxpayer requests the department waive the penalty assessed because the taxpayer properly filed all state returns for Indiana with some items being handled incorrectly.

The IT-40 and IT-40PNR booklets are clear regarding the addback of taxes. In addition, taxpayer's

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CPA should be aware of Indiana tax law when preparing returns.

FINDING

Taxpayer's protest is denied.